

FOR IMMEDIATE RELEASE

MONTANA PUBLIC SERVICE COMMISSION

Contact: Eric Sell- Communications Director

esell@mt.gov

W: 406.444.5772

C: 406.202.5326

June 16, 2016

Montana Public Service Commission requires NorthWestern Energy to negotiate solar energy contracts

Montana's consumer advocate concerned with effect current solar energy price has on ratepayers

HELENA, Mont. – June 16, 2016 – The Montana Public Service Commission voted 3-2 Thursday to temporarily suspend the qualifying facility (QF) standard rate available to new small solar projects, requiring NorthWestern Energy instead to negotiate contracts with any proposed solar facilities of 100 kilowatts to 3 megawatts in size.

“Our action today to protect NorthWestern Energy’s customers from unreasonably priced solar power is a compromise that still allows solar energy development to continue across the state.” said PSC Chairman Brad Johnson, R-East Helena.

On May 17, NorthWestern Energy submitted an “emergency request” to the Commission, asking for the suspension of the current QF-1 standard rate available to solar projects of 100 kilowatts to 3 megawatts in size, citing a deluge of proposed projects that could generate significant additional costs for their customers.

The Montana Consumer Counsel agreed with NorthWestern’s concerns about consumer impact, stating in comments submitted to the Commission,

“The long-term risk of harm to customers justifies granting the relief requested by NorthWestern.”

NorthWestern Energy submitted testimony to the Commission estimating that anticipated small solar projects could create over \$215 million in additional costs to their customers over the next 25 years if the PSC didn’t suspended the current rate of \$66 per megawatt hour.

Speaking to the Commission’s decision, Commissioner Roger Koopman, R-Bozeman, said,

“I totally agree with the Montana Consumer Council, that the Commission needed to take swift and decisive action in defense of rate-payers. These outdated standard rates are so inflated that consumers are taking huge hit. Meanwhile, out-of-state solar developers are flooding into Montana, anxious to capture the windfall

profits created by an ill-conceived federal program (PURPA) that the PSC is required to enforce. Today's action was a rate-payer rescue effort by the majority that at least plugs the hole in the dike while we go about setting new, more accurate rates"

"I'm excited to see growth of solar energy across Montana, but the Consumer Counsel presented a very compelling argument regarding the negative effect that the current, inflated rate has on consumers, and we could not let that happen," said Commissioner Bob Lake, R-Hamilton.

All solar projects that have signed both contracts and interconnection agreements with NorthWestern Energy prior to the Commission's action today will be allowed in at the current rate of \$66 per MWh. All other projects will have the ability to negotiate a contract price with NorthWestern Energy. The Commission stands ready to resolve matters on which QFs and NorthWestern are unable to mutually agree.

Commission Vice-chairman Travis Kavulla, R-Great Falls, dissented saying,

"These smaller projects should have the opportunity to obtain contracts at rates that represent the best estimate of what a utility itself would have to spend to supply itself energy and capacity. Rather than updating our rate, the Commission has thrown out the availability of those rates entirely. Even if this were a good idea, I do not believe this approach is lawful."

Also dissenting, Commissioner Kirk Bushman, R-Billings, said,

"NorthWestern Energy's customers are completely exposed to extremely inflated prices from all QFs, not just solar. Anything short of suspending the full QF tariff is a failure on behalf of the Commission."

The Commission's temporary suspension of the QF-1 rate for solar projects will remain in effect until a new rate is established about six months from now.

"The commission chose the best option available, which honors those solar projects to which NorthWestern is legally obligated, while strongly encouraging bilateral negotiations between solar developers and the utility to bring additional projects on line at rates that protect the consumer. But in a larger sense, this case underscores the futility of government tampering in the energy marketplace, requiring state commissions to lock in rates that are almost immediately out-of-date, and can't begin to predict the technological advances in our nation's energy future. This federal price-setting not only erodes the incentive to further innovate, but is profoundly unfair to the rate-payer, who bears the heavy burden of artificially high energy costs. Politicians think they know better than the market. This proves once again that they don't," Koopman said.

To view NorthWestern's 2016 QF-1 rate application, visit: <http://1.usa.gov/1tsVf4Q>

###

For MPSC updates, please follow us on twitter [@MT_PSC](#), and "like" our Facebook page [Montana PSC](#)